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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 12, 2000

APPLICATION OF

ROBERT A. WINNEY d/b/a

THE WATERWORKS COMPANY OF
FRANKLIN COUNTY

CASE NO. PUE000665

To change rates and charges

ORDER FOR NOTICE AND HEARING

On November 20, 2000, the Commission's Division of Energy Regulation received correspondence from a customer of Robert A. Winney d/b/a The Waterworks Company of Franklin County ("The Waterworks Company" or "Company"). Included with the correspondence was a copy of the Company's notice to customers of changes in rates and charges. As stated in the notice, The Waterworks Company proposed to increase the quarterly rate for water service, payable in advance, from \$67.50 to \$75.00 on January 1, 2001. The Company also proposed to increase the annual availability fee from \$60.00 to \$75.00, effective January 1, 2001, and to establish a connection fee of \$1,000.00, effective after January 1, 2001. According to the notice, it was sent to customers on November 13, 2000.

The Small Water or Sewer Public Utility Act, § 56-265.13:5 A of the Code of Virginia, and Rule 4 of the Commission's Rules Implementing the Small Water or Sewer Public

Utility Act, 20 VAC 5-200-40 ("Water Act Rules") require The Waterworks Company to file a copy of the notice to customers with the Commission's Division of Energy Regulation. Neither the Division of Energy Regulation nor the Clerk of the Commission has a record of receipt of a copy of the notice. Notwithstanding this omission by the Company, the Commission will permit this application to change rates to go forward.

While the dollar amounts of the proposed increases in the quarterly rate and availability fee are relatively modest, the percentage increases are significant. The Commission finds that these increases in rates and charges should be investigated. Further, the establishment of a new connection fee warrants Commission review. As provided by § 56-265.13:6 of the Code and Rule 7 of the Water Act Rules, the Commission will set the application for hearing. We will suspend the effective date of the proposed changes in rates and charges for 60 days.

The proposed increase in the quarterly rate for service from \$67.50 to \$75.00 will be suspended from the proposed effective date, January 1, 2001, through March 1, 2001. On March 2, 2001, the proposed quarterly rate of \$75.00 may take effect on an interim basis subject to refund with interest until the Commission makes a final determination in this proceeding.

The proposed increase in annual availability fee from \$60.00 to \$75.00 will be suspended from the proposed effective

date, January 1, 2001, through March 1, 2001. The proposed connection fee of \$1,000.00 will also be suspended from the proposed effective date, January 1, 2001, through March 1, 2001. On March 2, 2001, the proposed annual availability fee of \$75.00 and the proposed connection fee of \$1,000.00 may take effect on an interim basis subject to refund with interest until the Commission makes a final determination in this proceeding.

To expedite this hearing, the Commission will order The Waterworks Company to make available promptly to the Commission's Division of Public Utility Accounting information necessary to commence the investigation. We will also establish procedures for a hearing.

Accordingly, IT IS ORDERED THAT:

(1) This matter be docketed and assigned Case No. PUE000665.

(2) As provided by § 56-265.13:5 A of the Code of Virginia, the proposed change in the quarterly rate for service is suspended to and through March 1, 2001. On and after March 2, 2001, the proposed quarterly rate for service of \$75.00 may take effect on an interim basis subject to refund with interest.

(3) As provided by § 56-265.13:5 A of the Code of Virginia, the proposed change in the annual availability fee is suspended to and through March 1, 2001. On and after March 2,

2001, the proposed annual availability fee of \$75.00 may take effect on an interim basis subject to refund with interest.

(4) As provided by § 56-265.13:5 A of the Code of Virginia, the proposed connection fee is suspended to and through March 1, 2001. On and after March 2, 2001, the proposed connection fee of \$1000.00 may take effect on an interim basis subject to refund with interest.

(5) A public hearing be held on March 20, 2001, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7245 (Voice) or at 1-804-371-9026 (TDD). Individuals requesting accommodations should contact the Commission by March 9, 2001.

(6) As provided by § 12.1-31 of the Code of Virginia and Rule 7:1 of the Commission's Rules of Practice and Procedure ("the Rules"), 5 VAC 5-10-520, a hearing examiner is appointed to conduct further proceedings on behalf of the Commission and to file a final report with the transcript of this proceeding.

(7) On or before January 17, 2001, the Company shall make available to the Commission's Division of Public Utility Accounting the originals or complete and legible copies of all documents and other information described in the attached

Appendix, which is incorporated into, and made a part of, this Order for Notice and Hearing.

(8) The Commission Staff shall undertake an investigation in this Application. This investigation shall include an audit of the Company's books and records commencing as soon as practicable.

(9) On or before January 19, 2001, any person who expects to submit evidence, to cross examine witnesses, and to participate in this proceeding as a protestant pursuant to Rule 4:6 of the Rules, 5 VAC 5-10-180, shall file an original and five (5) copies of a notice of protest with the Clerk of the State Corporation Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy on Robert A. Winney d/b/a The Waterworks Company of Franklin County, 430 Windtree Drive, Moneta, Virginia 24121-3106. Any corporate entity or governmental unit that wishes to protest must be represented by legal counsel as required by Rule 4:8 of the Rules, 5 VAC 5-10-200.

(10) On or before January 26, 2001, the Company shall file with the Clerk an original and seven (7) copies of the testimony and exhibits that it intends to offer at the hearing in support of its application and shall serve one (1) copy on all persons who file notices of protest.

(11) On or before February 16, 2001, each protestant shall file with the Clerk an original and seven (7) copies of its protest, as required by Rule 5:16(b) of the Rules, 5 VAC 5-10-420, and an original and seven (7) copies of the testimony and exhibits that it intends to offer at the hearing in support of its protest and shall serve one (1) copy of the protest, testimony, and exhibits on the Company and on all parties.

(12) On or before March 5, 2001, the Staff shall file with the Clerk an original and seven (7) copies of any testimony and exhibits that it intends to offer at the hearing and shall serve one (1) copy on all parties.

(13) Any interested person may appear before the Commission as a public witness by attending the hearing and completing and filing with the bailiff a notice of appearance. Interested persons should contact the bailiff in the courtroom by 9:45 a.m. on the day of the hearing.

(14) Any person may file written comments on the application. Comments should be addressed to the Clerk of the State Corporation Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and should refer to Case No. PUE000665. Comments should be received by February 16, 2001.

(15) On or before December 29, 2000, the Company shall mail by first class mail, postage prepaid, a copy of this Order

to all customers, including customers paying the availability fee, to the County Administrator of Franklin County, and to the Chairman of the Board of Supervisors of Franklin County.

(16) On or before January 12, 2001, the Company shall file with the Clerk a certificate of the mailing required in paragraph (15). The certificate shall include the complete name and mailing address of all customers receiving a copy of the notice.

Appendix A

Information Required Pursuant to Paragraph (7)

Order for Notice and Hearing

1. Please provide the following items:
 - a. Check register for the period of December 1, 1999 to November 30, 2000;
 - b. Receipts documenting expenditures for the above period;
 - c. Mileage logs for any company-use vehicles;
 - d. Time records of company owner(s) and/or employee(s);
 - e. All available billing and collection records for the above period;
 - f. December, 1999 to November, 2000 bank statements.
2. Please provide documentation supporting the Company's cost of connecting a customer. This may include receipts for materials and/or labor used and a statement of the time spent by company owner(s) and/or employee(s).
3. Itemize any additions or retirements of plant or equipment made during the twelve months ended November 30, 2000. Please provide documentation supporting the cost of additions and/or retirements.

4. Itemize by date, amount, and customer any connection fees collected during the twelve months ended November 30, 2000. Please provide documentation supporting the amounts received.

5. Indicate the number of usage and availability customers as of November 30, 2000. Has the customer level changed during the twelve months ended November 30, 2000? If so, explain and quantify any such increases or decreases by month and split between usage and availability customers.

6. Itemize any long-distance calls during the twelve months ended November 30, 2000 that were for utility-related purposes.

7. Itemize any out-of-pocket utility expenditures by company owner(s) and/or employee(s) during the twelve months ended November 30, 2000 not reflected in the check register.

8. Please provide a complete explanation of any transfer of ownership of the Mallard Point portion of the Company including sale date and price, as well as any impact on the number of customers served.

9. Explain any changes in the terms and conditions of the Company's outstanding mortgages since October, 1998. Please indicate the mortgages' outstanding balances as of November 30, 2000.

10. Please provide the Company's 1999 and 2000 income tax returns when available. If the Company's income is taxed on

personal returns, provide those complete returns. If no returns were filed for the Company, provide a full explanation why.

11. As of October, 1998 the Company was not incorporated as a public service company. Explain any changes in this status since that time.

12. Please explain any other significant events that the Company has experienced during 2000.